

APPENDIX B

DPHHS – TOTAL APPROPRIATION AND SPENDING REDUCTIONS

Department of Public Health and Human Services

There have been three distinct actions taken to reduce appropriation and spending levels for the Department of Public Health and Human Services (DPHHS) during the 2003 biennium:

- Special session action that reduce general fund appropriation levels by an estimated \$5.8 million
- Executive branch implementation of Section 17-7-140, MCA to voluntarily reduce general fund expenditures by an estimated \$9.6 million
- DPHHS actions to avoid a supplemental appropriation are anticipated to reduce services and other costs by \$10.8 million to stay within the original general fund appropriation

General fund is used to match federal funds in most DPHHS programs, so total appropriation and spending reductions to general fund result in an estimated \$69.5 million total funds reduction for the 2003 biennium.

Special Session Action

During the August 2002 Special Session the legislature approved reductions totaling \$5.8 million general fund (an estimated \$8.1 million total funds reduction). In some cases the legislature approved only a general fund reduction and not a correlating reduction in matching funds for state special and federal revenues, so legislative action referenced in earlier tables for DPHHS show a lower total fund reduction than \$8.1 million. Legislative Fiscal Division staff estimate the total funds impact of legislative action is \$8.1 million, which includes several funding shifts.

17-7-140, MCA

As authorized in 17-7-140, MCA the Office of Budget and Program Planning has implemented general fund spending reductions of \$9.6 million in fiscal 2003, with a reduction in total expenditures of \$23.2 million for DPHHS. These reductions are 3.5 percent of the \$273.1 million general fund base appropriation level.

Supplemental Mitigation

In addition to reductions to comply with section 17-7-140, MCA, DPHHS has implemented programmatic changes to further reduce general fund expenditures in the 2003 biennium to avoid a supplemental appropriation. At the December 2001 and March 2002 meetings, the Legislative Finance Committee reviewed most of the spending reductions made in order to mitigate the need for a supplemental appropriation – \$10.8 million general fund and \$38.2 million total funds over the biennium.

The following tables show summary and detailed information about the appropriation and spending changes made to DPHHS by division and by program.

Table 1 Summary of 2003 Biennium Reductions – Including Estimated Total Funds Impact: This table summarizes the legislative appropriation and executive spending and service reductions for the 2003 biennium and includes estimates of the state special revenue and federal funds that will not be spent due to general fund reductions. This table shows the cumulative total of \$26.1 million in general fund appropriation and service reductions and \$69.5 million in reductions from all funding sources. The amounts in Table 1 will not tie to amounts in other tables in this report since it includes estimates of reductions in all funding sources and actions taken to avoid a supplemental appropriation. In some instances, legislative action only reduced general fund appropriations and not the matching federal funds.

Table 2 Fiscal 2003 – Special Session, August 2002 Legislative Action, Including Estimated Total Funds Impact: This table itemizes the actions approved by the 2002 Special Session by division and specific program. This table also includes estimates of the state special revenue and federal funds lost as a result of general fund reductions.

Table 3 Summary of Fiscal 2003 Reductions to Implement 17-7-140, MCA: This table summarizes the spending reductions ordered by the Governor in compliance with section 17-7-140, MCA. Reductions are shown by division and program. The most significant changes occurred in mental health services, which account for \$2.4 million of the total \$9.6 million general fund spending reduction.

Table 4 Summary of 2003 Biennium Reductions – Supplemental Mitigation: This table summarizes the reductions implemented by the department to mitigate the need for a supplemental appropriation. The reductions are grouped by major category. Service limitations or reductions account for over half of the \$10.8 million general fund spending reduction.

Table 1
Department of Public Health and Human Services
Summary of 2003 Biennium Reductions - Including Estimated Total Funds Impact
August 2002 Special Session, Legislative Action, 17-7-140, MCA and Supplemental Mitigation

Action	Human & Community Services		Child and Family Svcs		Child Support Enforcement		Health Policy & Services		Addictive & Mental Disorders			
	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total		
August 2002, Special Session	\$106,251	\$727,490	\$106,731	\$175,897	\$ -	\$ -	\$22,720	(\$257,662)	\$1,275,196	\$61,890		
17-7-140, MCA	1,275,138	2,088,821	996,441	1,578,541	22,500	66,176	1,553,097	5,584,436	2,834,011	6,677,961		
Supplemental Mitigation	-	-	-	-	-	-	7,591,497	28,038,472	3,159,894	10,186,436		
Total Change by Division	\$1,381,389	\$2,816,311	\$996,441	\$1,578,541	\$22,500	\$66,176	\$1,553,097	\$5,584,436	\$2,834,011	\$6,677,961		
Percent of Total	5.3%	4.1%	3.8%	2.3%	0.1%	0.1%	5.9%	8.0%	10.9%	9.6%		
Action	Director's Office		Quality Assurance		Disability Services		Senior & Long Term Care		Operations and Technology		Total	
	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total
August 2002, Special Session	\$8,183	\$23,071	\$22,694	\$64,705	\$2,179,686	\$354,348	(\$69,106)	(\$23,892)	\$2,101,416	\$7,019,871	\$5,753,771	\$8,145,718
17-7-140, MCA	128,459	134,359	156,557	208,960	881,392	1,610,597	1,240,325	4,060,074	513,839	1,097,720	9,601,759	23,107,645
Supplemental Mitigation	-	-	-	-	-	-	-	-	-	-	10,751,391	38,224,908
Total Change by Division	\$136,642	\$157,430	\$179,251	\$273,665	\$3,061,078	\$1,964,945	\$1,171,219	\$4,036,182	\$2,615,255	\$8,117,591	\$26,106,921	\$69,478,271
Percent of Total	0.5%	0.2%	0.7%	0.4%	11.7%	2.8%	4.5%	5.8%	10.0%	11.7%	100.0%	100.0%
Total Department Change	\$26,106,921	\$69,478,271										

Table 2
Department of Public Health and Human Services
Fiscal 2003 - Special Session, August 2002, Legislative Action
Including Estimated Total Funds Impact

Action	Human & Community Svcs		Child and Family Svcs		Child Support Enfemnt		Health Policy & Svcs		Addictive & Mental Dsrdrs			
	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total
Funding Exchanges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,000,000	\$ -		
TANF Performance Bonus	0	(2,276,700)										
Low-Income Housing*	0	2,764,561										
Fund Medicaid CoPayments							0	(350,000)				
Maintain MH Day Treatment									0	(258,736)		
Maintain Comm. Services												
Statewide Equipment												
Statewide Office Supplies												
Statewide General Fund												
Hiring Freeze												
20% Pay Plan Decrease	<u>106,251</u>	<u>239,629</u>	<u>106,731</u>	<u>175,897</u>	<u>-</u>	<u>-</u>	<u>22,720</u>	<u>92,338</u>	<u>275,196</u>	<u>320,626</u>		
Total Change by Division	<u>\$106,251</u>	<u>\$727,490</u>	<u>\$106,731</u>	<u>\$175,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$22,720</u>	<u>(\$257,662)</u>	<u>\$1,275,196</u>	<u>\$61,890</u>		

Action	Director's Office		Quality Assurance		Disability Services		Snr & LongTerm Care		Operations & Technology		Total	
	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total
Funding Exchanges	\$ -	\$ -	\$ -	\$ -	\$1,965,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,965,199	\$ -
TANF Performance Bonus											0	(2,276,700)
Low-Income Housing*											0	2,764,561
Fund Medicaid CoPayments											0	(350,000)
Maintain MH Day Treatment											0	(258,736)
Maintain Comm. Services											(97,191)	(97,191)
Statewide Equipment							(97,191)	(97,191)				
Statewide Office Supplies									257,261	757,173	257,261	757,173
Statewide General Fund									107,795	238,667	107,795	238,667
Hiring Freeze									1,450,000	5,512,219	1,450,000	5,512,219
20% Pay Plan Decrease	<u>8,183</u>	<u>23,071</u>	<u>22,694</u>	<u>64,705</u>	<u>214,487</u>	<u>354,348</u>	<u>28,085</u>	<u>73,299</u>	<u>250,000</u>	<u>433,294</u>	<u>250,000</u>	<u>433,294</u>
Total Change by Division	<u>\$8,183</u>	<u>\$23,071</u>	<u>\$22,694</u>	<u>\$64,705</u>	<u>\$2,179,686</u>	<u>\$354,348</u>	<u>(\$69,106)</u>	<u>(\$23,892)</u>	<u>\$2,101,416</u>	<u>\$7,019,871</u>	<u>\$5,753,771</u>	<u>\$8,145,718</u>
Total Department Change		\$5,753,771		\$8,145,718								

*Reduction impacted fiscal 2002 biennial appropriation.
Note: Amounts shown as positive numbers are reductions.

Table 3
Department of Public Health and Human Services
Summary of Fiscal 2003 Reductions to Implement 17-7-140, MCA

	Human & Community Svcs		Child & Family Svcs		Child Support Enforcement		Health Policy & Svcs		Addictive & Mental Disorders				
Action	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total			
Provider Rate Reductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,363,875	\$ 5,038,326	\$ -	\$ -			
Service Limitations/Reductions	1,275,138	2,088,821	739,417	1,113,230	-	-	189,222	546,110	2,323,180	5,939,273			
Incr Client Financial Participation	-	-	-	-	-	-	-	-	80,291	80,291			
Personal Service Reductions	-	-	195,272	355,040	22,500	66,176	-	-	294,044	501,405			
Operating Plan Reductions	-	-	61,752	110,271	-	-	-	-	136,496	156,992			
Total Change by Division	<u>\$1,275,138</u>	<u>\$2,088,821</u>	<u>\$996,441</u>	<u>\$1,578,541</u>	<u>\$22,500</u>	<u>\$66,176</u>	<u>\$1,553,097</u>	<u>\$5,584,436</u>	<u>\$ 2,834,011</u>	<u>\$ 6,677,961</u>			

	Director's Office		Quality Assurance		Disability Services		Senior & Long Term Care		Operations & Technology		Total		Percent
Action	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	of Total
Provider Rate Reductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$205,609	\$642,726	\$ -	\$ -	\$ 1,569,484	\$ 5,681,052	24.6%
Service Limitations/Reductions	115,538	115,538	21,218	21,218	881,392	1,610,597	963,002	3,345,634	-	-	6,508,107	14,780,421	64.0%
Incr Client Financial Participation	-	-	-	-	-	-	-	-	-	-	80,291	80,291	0.3%
Personal Service Reductions	9,121	9,121	-	-	-	-	41,714	41,714	17,139	38,087	579,790	1,011,543	4.4%
Operating Plan Reductions	<u>3,800</u>	<u>9,700</u>	<u>135,339</u>	<u>187,742</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>496,700</u>	<u>1,059,633</u>	<u>864,087</u>	<u>1,554,338</u>	6.7%
Total Change by Division	<u>\$128,459</u>	<u>\$134,359</u>	<u>\$156,557</u>	<u>\$208,960</u>	<u>\$881,392</u>	<u>\$1,610,597</u>	<u>\$1,240,325</u>	<u>\$4,060,074</u>	<u>\$513,839</u>	<u>\$1,097,720</u>	<u>\$ 9,601,759</u>	<u>\$ 23,107,645</u>	100.0%
Total Department Change	<u>\$ 9,601,759</u>	<u>\$ 23,107,645</u>											

Table 4
Department of Public Health and Human Services
Summary of 2003 Biennium Reductions - Supplemental Mitigation

Action	Health Policy & Svcs		Addictive & Mental		Total		Percent of Total
	Gen. Fd.	Total	Gen. Fd.	Total	Gen. Fd.	Total	
Provider Rate Reductions/Delays	\$2,672,348	\$9,868,388	\$641,181	\$885,258	\$3,313,529	\$10,753,646	28.1%
Increased Client Financial Participation	841,965	3,109,371	200,000	738,485	1,041,965	3,847,856	10.1%
Service Limitations/Reductions	3,672,733	13,567,538	1,518,713	5,607,392	5,191,446	19,174,930	50.2%
Other	404,451	1,493,175	800,000	2,955,301	1,204,451	4,448,476	11.6%
Total Reduction by Division	\$7,591,497	\$28,038,472	\$3,159,894	\$10,186,436	\$10,751,391	\$38,224,908	100.0%
Total Department Reduction	<u>\$10,751,391</u>	<u>\$38,224,908</u>					